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In the Supreme Court of the United States

OCTOBER TERM, 1949

No. 357

AMMIEL F. DECKER AND MABEL P. DECKER, INDIVIDUALS, TRADING AND DOING BUSINESS AS DECKER PRODUCTS COMPANY, PETITIONERS

v.

FEDERAL TRADE COMMISSION

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

BRIEF FOR THE FEDERAL TRADE COMMISSION IN OPPOSITION

OPINION BELOW

The opinion of the Court of Appeals for the District of Columbia Circuit (R. 25) is reported in 176 F. 2d 461.

JURISDICTION

The decree of the Court of Appeals was entered on June 6, 1949 (R. 35). The time within which to apply for a writ of certiorari was extended by the

Chief Justice to October 3, 1949 (R. 36) and the petition was filed on September 29, 1949. The jurisdiction of this Court is invoked under Section 5 of the Federal Trade Commission Act as amended, 52 Stat. 111, 15 U.S.C. 45, and 28 U.S.C. 1254.

QUESTION PRESENTED

Whether the Federal Trade Commission may issue a cease and desist order to prevent false advertising of a patented device, where the false advertising includes statements similar to those made in the specification of the patent application.

STATUTES INVOLVED

Section 5 of the Federal Trade Commission Act as amended by the Act of March 21, 1938, 52 Stat. 111, 15 U.S.C. 45, provides in part:

> (a) Unfair methods of competition in commerce, and unfair or deceptive acts or practices in commerce, are hereby declared unlawful.
>
> The Commission is hereby empowered and directed to prevent persons, partnerships, or corporations * * * from using unfair methods of competition in commerce and unfair or deceptive acts or practices in commerce.

R. S. Sec. 4884 as amended by 46 Stat. 376, 35 U.S.C. 40, provides in part as follows:

> Every patent shall contain * * * a grant * * * for the term of seventeen years, of the exclusive right to make, use, and vend the invention or discovery * * *.

28 U.S.C. 1338 provides in part as follows:

> (a) The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, copyrights and trade-marks. Such jurisdiction shall be exclusive of the courts of the states in patent and copyright cases.

STATEMENT

In a proceeding under Section 5 of the Federal Trade Commission Act, the Commission ordered petitioners to cease and desist from disseminating in interstate commerce any advertisement making certain specified representations which the Commission found to be false and misleading (R. 18). On review of the Commission's order, the court below affirmed the decision of the Commission and commanded obedience of the order in question (R. 28).

Ammiel F. Decker, one of the petitioners, invented a device called a "Vacudex". This attachment was designed to decrease the back-pressure upon gasoline engines by accelerating the flow of exhaust gases through the exhaust pipe.[1] Decker then applied for and obtained a patent covering this device. The objects of the invention, as stated in the application, were to render exhaust gases innocuous, reduce back pressure on the engine and

[1] Back pressure is the resistance offered to the flow of the exhaust gases as they pass through the muffler and exhaust pipe. A part of the power produced by the engine must be used to overcome this resistance, *i.e.*, to expel these gases. (R. 15-16.)

thereby increase power and reduce gasoline consumption, reduce rusting of the exhaust pipe and muffler, and reduce the temperature of the exhaust gases. The letters patent which were issued included the application making the above statements. (R. 10B.)

Petitioners have been advertising and selling the device in interstate commerce (R. 14). On December 11, 1943, the Federal Trade Commission issued a complaint charging that petitioners were violating Section 5 of the Federal Trade Commission Act by engaging in unfair and deceptive acts and practices in commerce, in that statements made in its advertising were false and misleading (R. 1). The Commission found on the evidence that the device did not improve engine efficiency and was therefore incapable of accomplishing most of the results which the advertising had claimed for it (R. 13). It concluded that the acts and practices were violations of the Federal Trade Commission Act (R. 18). The petitioners were ordered to cease and desist from representing that the device would eliminate or reduce back pressure, save gasoline or oil, increase the power of the motor or cause it to give better performance, draw carbon, oil, or moisture from the muffler, reduce the vibration of the motor, give it greater acceleration or cause it to run more smoothly or quietly, or save tires (R. 18).

The court below, one judge dissenting, affirmed the order of the Commission (R. 35). It held that the representations forming the basis of the pro-

ceedings before the Commission were not within the scope of the patent held by the petitioners, and that neither the proceedings nor the resulting order to cease and desist making false representations constituted an attack upon the validity of the patent. The order was held to be supported by substantial evidence. (R. 28.)

ARGUMENT

Petitioners do not here deny that the Commission's order was supported by substantial evidence. Their main contention appears to be that the order of the Commission unlawfully deprives them of rights granted under a patent (Pet. 11-12). This contention is founded upon two basic errors: a misconception as to the nature of the rights granted by a patent, and a correlative misconception of the effect of the Commission's order upon those rights. An examination of the rights of a patentee as they have been defined by this Court makes it clear that the Commission's order does not interfere with any patent right.

1. A patent grants to the patentee the exclusive right to make, use, and vend the invention. 35 U.S.C. 40. "It has long been settled that the patentee receives nothing from the law which he did not have before, and that the only effect of his patent is to restrain others from manufacturing, using or selling that which he has invented." *Motion Picture Patents Co.* v. *Universal Film Mfg. Co.*, 243 U. S. 502, 510. See *Bauer & Cie* v. *O'Don-*

nell, 229 U. S. 1, 10; *Paper Bag Patent* case, 210 U. S. 405, 424.

The petitioners argue that the patent gives them another right—the right to advertise in the terms of the patent application. This right is conceived to be a necessary concomitant of the right to vend. The patentee's right to vend his invention, however, is not derived from the patent, but is a right which existed prior to and independent of it. *Bauer & Cie* v. *O'Donnell, supra,* at p. 10. Without a patent, an inventor is free to make, use and vend his invention, and advertise it, subject to general laws regulating commerce. With a patent, his affirmative rights are precisely the same. Petitioners' argument is based, as it must be, upon the false premise that a patent gives the patentee more than a right to restrain others from practicing the invention. It is clear that the right to restrain infringement is in no way affected by the action of the Commission, which is directed only to advertising practices.

The further argument that the representations made were within the scope of the patent because somewhat similar statements were made in the specification in the patent application likewise misconceives the scope of patents. The protection of a patent grant is strictly confined to the invention described in the claims. *Motion Picture Patents Co.* v. *Universal Film Co., supra,* at p. 510; *McClain* v. *Ortmayer,* 141 U. S. 419, 424; *Yale Lock Co.* v. *Greenleaf,* 117

U. S. 554, 559; *Railroad Co.* v. *Mellon,* 104 U. S. 112, 118. The specification can be resorted to only to clarify ambiguous claims, not to enlarge the area of protection. The claims in the patent application here (R. 10C-10D) did not describe the invention's alleged utility and, indeed, could not lawfully do so.[2]

2. The dissenting judge in the court below supported the petitioners on a different ground. In his view the Federal Trade Commission, as an agency of the United States, is estopped from denying the validity of a patent. He thought the Commission's order had that effect because it was based on findings of falsity of certain statements describing advantages of the patented device which were similar to the description of the objects of the invention set forth in the patent application (R. 28-34).

Even if it be assumed, *arguendo,* that the Federal Trade Commission would be estopped to deny the validity of a patent, the findings of the Commission in the present case do not constitute such a denial. Concededly utility is an essential element in the patentability of an invention, and a patent is, therefore, *prima facie* evidence that the patented device possesses utility. *Remington Cash Register Co.* v. *National Cash Register Co.,* 6 F. 2d 585, 629 (D. Conn.); *Cleveland Automatic Machinery*

[2] A description of functions in a claim for a machine patent is improper. *General Electric Co.* v. *Wabash Appliance Corp.,* 304 U. S. 364, 371; *Halliburton Co.* v. *Walker,* 329 U. S. 1, 9.

Co. v. *National Acme Co.*, 52 F. 2d 769, 770 (C.A. 6); *Callison* v. *Dean*, 70 F. 2d 55, 58 (C.A. 10). If the Commission had found the instant patented device to be totally useless, its findings would import invalidity. But the Commission did not so find. True, it determined that the petitioners' device does not aid in the efficiency of the operation of a gasoline engine and it forbade representations of benefits flowing from increased efficiency of engine operation. A number of the benefits of the invention asserted in the patent application were not, however, rejected as spurious.[3] Since the requirement of utility is satisfied if one of the claimed benefits exists (*Scovill Mfg. Co.* v. *Satler*, 21 F. 2d 630, 634 (D. Conn.)), it cannot successfully be contended that a rejection of less than all of the claimed benefits amounts to a finding of invalidity.

The assumption made above for purposes of argument—that other Government agencies are estopped to attack the findings of the Patent Office—has been recently explicitly considered and decisively rejected by this Court. In *United States* v.

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[3] These include the following (R. 10B):

> One object of my invention is to provide means to change the chemical nature of the exhaust gases, whereby they are made safer to inhale and the odor is made less objectionable.
>
> * * *
>
> Another object is to reduce condensation of the exhaust gases in the exhaust pipe and muffler with consequent lessening of rusting of these parts.

United States Gypsum Co., 333 U. S. 364, a statutory three judge district court, in an opinion by Stephens, J., had held that the United States was estopped in an antitrust suit to challenge the validity of patents held by the defendants (53 F. Supp. 889 (D. D.C.)). On appeal this ruling was expressly reversed (333 U. S. at 386-388). Although the *Gypsum* case was an action under the antitrust laws and the proceedings in the present case arose under the Federal Trade Commission Act, the principle involved is the same. Here, as there, the paramount duty of United States "to vindicate the public interest" (333 U. S. at 388) is not to be frustrated by the equitable doctrine of estoppel.

The far reaching evil consequences of the extreme application of estoppel here sought by petitioners are apparent. In order to protect the public the Patent Office would be required, before issuing a patent, to satisfy itself not merely that the device possesses some utility, but also that each benefit asserted by the inventor in his patent application will actually result and that each such benefit is accurately described. This manifestly would be a duty almost impossible of performance. And in the inevitable situations where some of the anticipated benefits of an invention fail of realization, the patentee would be entitled, on the estoppel theory of the dissenting opinion below, to misrepresent his invention with impunity so far as the Federal Government is concerned.

3. The remaining contention of petitioners is that the action of the Commission in this case is a "review" of the action of the Patent Office (Pet. 9), not permitted because, it is urged, jurisdiction to decide patent questions is vested exclusively in the district courts. The statutory provision relied upon by petitioners (28 U. S. C. 1338) places original jurisdiction in the district courts of "any civil action arising under any Act of Congress relating to patents, copyrights and trade-marks." But the Commission proceeding here was not a civil action arising under the patent statutes. And no statute inhibits any proper tribunal from deciding a question of fact arising in the course of litigation merely because the question happens to be relevant to the issue of patentability. See *United States* v. *United States Gypsum Co., supra,* at 387-388; *Aralac Inc.* v. *Hat Corporation of America,* 166 F. 2d 286, 296 (C. A. 3).

CONCLUSION

The decision below is clearly correct and there is no conflict of decisions. It is therefore respectfully submitted that the petition for a writ of certiorari should be denied.

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